Commercial Carrier Journal
for Private Fleets & For Hire Trucking

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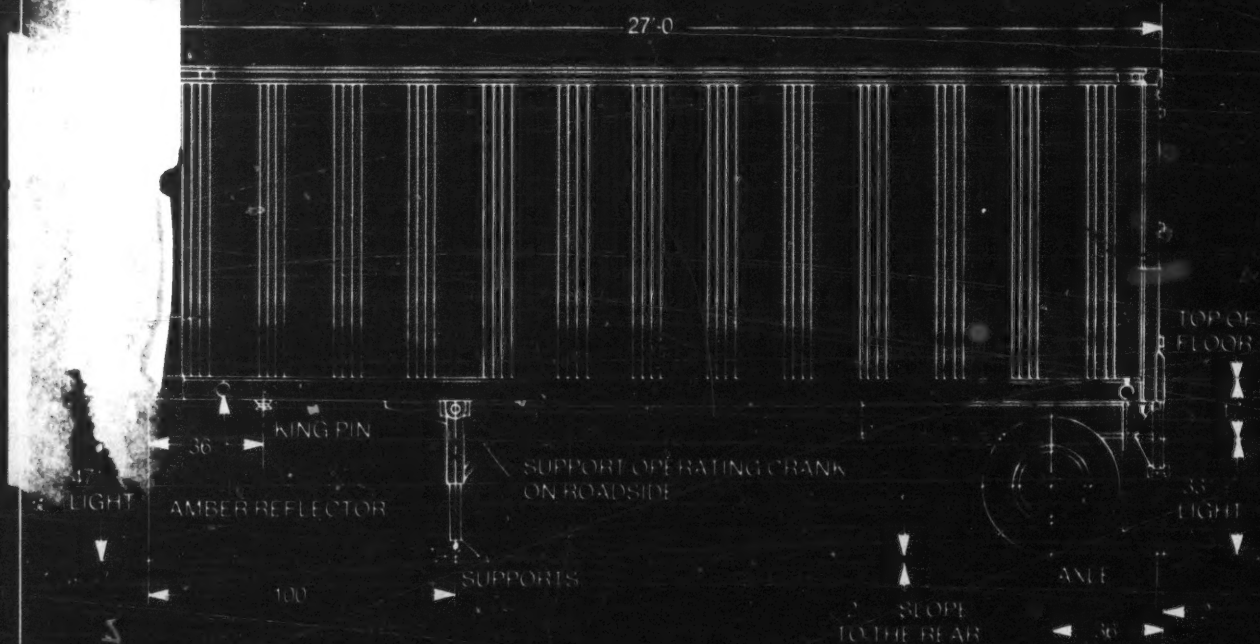

Commercial Carrier Journal

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CARL W. LOCK, *Publisher/Editorial Director*

GERALD F. STANDLEY, *Editor*

VOLUME 139 NUMBER 11 NOVEMBER 1982

NEW DEPARTMENTS!

Fleet Forms: PMs, VCRs, Fuel Reports. . . . forms used in every aspect of fleet operations need constant updating. Turn to page 36 and see if this month's form will help you improve yours.

Info Watch: Computers for Transportation Managers. See page 54.

An ABC publication

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PAGE 70

PAGE 75

PAGE 83

Double Bottom Trailers: Spec'ing For The Eighties
Double bottom trailers continue to grow in popularity as restrictions against them are lifted. Here are some pointers to use when spec'ing and for getting the best return on investment. **70**

Million Mile Maintenance
When maintenance means money, you find a way to keep trucks running—or you get out of business. Erwin Hurner has worked out ingenious ways to keep trucks on the road. This story is about him and his unique maintenance philosophy. **75**

Ratemaking: Closing Another Chapter
A special 10 member Motor Carrrier Ratemaking Commission will report to Congress on Jan. 1. But Washington "insiders" believe the future of collective ratemaking may already be settled. This behind-the-scenes report tells you why. **78**

Computers Mean Profit
Carriers who ". . . ain't got no truck with computers" may soon not have any trucks. Period. Computers are honing cost and productivity control to a sharpness no human mind can match. Technology is today's path to profit. **83**

Maintenance Shop
The lowly wheel is easy to forget. But, it too, has maintenance needs. If you neglect those needs, it can let you down in a lot of expensive ways. **TMS-1**

DEPARTMENTS

EDITORIAL/Oh, ostrich feathers!	9
TECHNICALLY SPEAKING/Evaluating low-profile radial tires	44
NATIONAL COMMENTARY/Some thoughts about the football strike	48
SAFETY/Your fleet can be a winner	50
INFO WATCH/Forget that computer	54
FEDERAL REGS/Controlling the unsafe driver	58
INSIDE LABOR/Teamsters struggle for power	62
WASHINGTON REPORT/Dusk at the ICC	64
MAINTENANCE/Do's and don't's at acquisition time	66
WHAT'S NEW/New product and literature releases	99

Readers' Forum 12/ News & Views 16/ Fleet Forms 36/ Coming Events 40/ People 42/ Classified Advertising 108/ Index, Business Masthead 110/ Subscription Postcard 111/ Readers' Reply Cards, Readers' Forum Card 113/

EDITORIAL STAFF

Editor:
GERALD STANDLEY
(215) 964-4513

Senior Feature Editor:
RICHARD CROSS
(215) 964-4517

Feature Editor:
JAMES GALLIGAN
(215) 964-4529

Technical Editor:
BILL TRACY
(215) 964-4519

Washington Editor:
LEO ABRUZZESE
(202) 393-3474

Products Editor:
ROBERT WARNER
(215) 964-4526

Executive Editor:
CARL GLINES
(215) 964-4518

Western News Bureau:
KEN MAC DONALD
(415) 474-8532

JIM NOBLE
(408) 997-3650

Labor Columnist:
VICTOR RIESEL

Contributing Editors:
BERT GOLDRATH
LEON WITCONIS

Directories/Special Projects:
DOROTHY DI NUNZIO
(215) 964-4514

Publisher/Editorial Director:
CARL W. LOCK
(215) 964-4511

Director-Editorial Projects:
EDWARD SHEA
(215) 964-4515

Copy Editor/Production Supervisor:
CAROLE SMITH
(215) 964-4524

Production Editor:
PRUE MARTIN
(215) 964-4525

Art Director:
EDWIN DAHL
(215) 964-4003

Reprints/Clerical:
JACKIE DISCHERT
(215) 964-4530

EDITORIAL OFFICES:
Chilton Way, Radnor, Pa. 19089

REGIONAL EDITORIAL OFFICES:

Washington, D.C. 20045
1093 National Press Bldg.,
202-393-3474

Detroit, Mich. 48202
2600 Fisher Bldg.,
3011 W. Grand Blvd.
313-875-2090

WESTERN NEWS OFFICE:

San Francisco, Cal. 94109
24 White St., 415-474-8532

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PRIVATE FLEET COST INDEX
JULY-DECEMBER 1981 SURVEY RESULTS vs. JANUARY-JUNE 1981

PRIVATE FLEET COSTS: TRACTOR/TRAILER EQUIPMENT

Tractor/Trailer Type	Cost Per Mile: General and Administrative	Drivers	Equipment	Total (1)
Tank				
Dry Van				
Refrigerated				
Flatbed				
Open Top				
Other				
Mixed				
All Tractor/ Trailer Fleets				

(1) Numbers may not add; they represent average costs for those companies that provided information for the category shown.

SOURCE: PTCA, A.T. KEARNEY

LATE NEWS WIRE

Consolidated Freightways says third and fourth quarter income for the Palo Alto, Calif.-based carrier will lag 15% to 20% behind the same period last year. Vice president Donald Moffitt told a group of institutional investors the company sees few signs of a business upturn and continues to experience rising costs and intense price competition. "Although we are pleased with our operating performance and market share in this dismal 1982 economy, we are continuing to absorb the costs of expansion, and profitability is suffering accordingly," he said.

Smith's Transfer Corp. of Stauton, Va., a subsidiary of ARA Services, Philadelphia, has gone through a corporate restructuring. Smith's president Joseph Gilbert said the basic purpose of (these) changes ". . . is to enable everyone to be more customer oriented, to better understand their needs and to better serve them." The streamlining includes a reduction in the number of people reporting to the president to six from 14 and the establishment of two regions, western and eastern, plus 10 divisions, each of which will be its own profit center.

Private truck council survey reflects increased operating costs; results questionable due to limited response

By **LEO ABRUZZESE,** *Washington Editor*

Private fleet operating costs rose 7% in the second half of 1981, according to a new and still controversial study from the Private Truck Council of America.

Statistics compiled for PTCA by A. T. Kearney, Inc., peg the average cost of operating a private tractor-trailer fleet at $1.25 per mile from July through December 1981. Costs for the preceding six months averaged $1.17 per mile.

"The new data will assist private fleet executives to track operating cost trends and help them become better professional managers," PTCA executive vice president Richard Henderson said.

The survey remains controversial, however, because of the limited sample size and accuracy of information supplied by participating carriers. Only 215 fleets joined in the survey, although that was a 22% increase over the 177 who responded to the original January to June review. Information was also collected randomly, not scientifically, raising further doubts about accuracy. However, the PTCA survey remains the only comprehensive attempt to gather private fleet costs, and Kearney researcher Michael Lipman calls the figures "useful."

"We don't expect a private fleet manager to make major decisions based solely on this information," Lipman said. "However, it is a useful management tool. . . The statistics are meaningful."

Walter Weymouth, director of private carriage for GTE Products of Danvers, Mass., believes the surveys are valuable but called the first January to June study ". . . a little too broad." Weymouth, who is also a PTCA vice president, added:

Continued

Survey reflects increased operating costs continued

"We tried to refine the second survey and make it a little more specific. I think our members realize it's going to take a little more time to get this right."

Weymouth said the survey is the only comparative tool private fleet managers have. "The only alternative," he said, "is to sit down with other carriers and compare notes. That's not very helpful since you don't know what you're comparing. All you can do is guess."

Lipman said he was pleased by the 22% increase in respondents to the most recent survey. However, only 66 of the original 177 participants were among the 215 who joined in the second study. Henderson believes the drop-off may have occurred because some fleets thought it repetitive to participate in two surveys in one year.

"Obviously, the second survey was useful because it showed the 7% increase in operating costs," Henderson said. PTCA attributes the hike to reduced utilization of drivers and equipment resulting from the business downturn in the second half of 1981. Most of the fleets surveyed experienced a decrease in the average miles per tractor and miles per driver.

Lipman compiled data for tractor-trailer fleets, straight truck van fleets and mixed fleets which have a combination of both types. He admits data for the straight truck van and mixed fleets "is not very reliable" because of the few responding carriers.

A statistical breakdown of the survey for tractor-trailer fleets for the second half of 1981 follows:

- Respondents by industry: Chemicals and plastics carriers are the most numerous, followed by food haulers.
- Types of fleets: Of the 215 respondents, 177 were tractor-trailer fleets, 12 straight truck/van operations and 27 mixed fleets. Eighty percent of a fleet's vehicles must be tractor-trailers to fall into that category.
- Operating statistics: The study represented more than 7600 tractors, over 10,000 drivers and included total mileage of 726,600,000. Average miles per tractor: 100,300.
- Drivers cost $.52 per mile, a five cent increase. Equipment rose from $.62 in the January to June survey to $.66 in the July to December study. Total cost per mile was $1.25, compared to $1.17 for the first half of the year. The acceptable interval for all tractor-trailer fleets is between $1.19 and $1.31 per mile.
- Unions and leasing: Company owned fleets with non-union drivers had per mile costs of $1.16. If the drivers were unionized, costs increased to $1.34.

Leased fleets with non-union drivers had per mile costs of $1.11. Leased fleets with union labor recorded $1.39 per mile costs.

- Equipment: Fleets that owned their equipment had operating costs of $1.19 per mile. Fleets with leased vehicles posted $1.29 per mile. Carriers with mixed owned/leased equipment averaged $1.26. Kearney's figures also show that leased vehicles, on average, accumulated more miles per trip than owned equipment.
- Length of haul and fleet size: For tractor-trailer fleets operating less than 250 miles per trip, total costs averaged $1.68 per mile. Over 250 miles per trip, the figure dropped to $1.18.
- Costs per region of operation: It cost the most to operate in the midwest, at $1.21 per mile; the least in the Canadian provinces at $1.12 per mile.
- Intercorporate hauling and Toto authority: 81 fleets were participating in ICH, up from 65 for the first six months of the year. Sixteen carriers now have Toto authority, up from four in the earlier survey. More fleets also plan to apply for Toto grants.

More than 100 carriers would consider single-source leasing, if the courts permit it. Twenty-one fleets now have separate transportation subsidiaries and another 15 plan to start them.

PRIVATE FLEET COST INDEX JULY-DECEMBER 1981 SURVEY RESULTS vs. JANUARY-JUNE 1981 PRIVATE FLEET OPERATING COSTS

	Cost Per Mile		
Cost Category	Tractor/Trailer	Mixed Fleet	Straight Truck/Van
General & Admin.			
Drivers			
Equipment			
Total[1]			
	95% Confidence Interval		
Tractor/Trailer			
Mixed Fleet			
Straight Truck/Van			

(1) Numbers may not add, they represent averge costs for those companies that provided information for the category shown.

Source: PTCA - A.T. Kearney